
MORTGAGES & HOME LOANS

What Is a Wet Closing?

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DEFINITION:

A **wet closing** occurs when the date to close your real estate transaction arrives and all paperwork, including the disbursement of funds, is finished at the same time.

Key Takeaways

A wet closing occurs when all paperwork required to officially close on a real estate transaction is completed at the same time.

Wet closings can be less flexible than dry closings because of their time constraints; everything needs to be completed on the same day.

You can complete a wet closing in all states.

Definition and Examples of Wet Closings

California

Hawaii

Idaho

Nevada

New Mexico

Oregon

Washington^[1]

Alternate names: wet funding, wet settlement, table funding

How Wet Closings Work

If you've sold a home, you may have already experienced a wet closing, since they're mandated in most states. Let's say that you're selling your property in Georgia, which is a wet funding state. You've already gotten an offer on your home and accepted it with a 30-day escrow. This means your buyer has 30 days to complete all their inspections, loan paperwork, etc.

Unfortunately, the day before you're meant to close, your realtor calls you to let you know that the buyer's loan paperwork isn't completed, and it looks like the loan won't be funded on time. Since Georgia requires a wet close, the buyer is now asking for an extra couple of days. You grant it, and a few days later, everyone manages to sign all their paperwork and complete the transaction.

Because the loan is already funded, you'll receive the disbursement the day you complete your paperwork. Once you've received your money, you can relinquish possession of the property.

In states where both wet and dry closings are allowed, you may prefer to complete a wet closing. This is because a wet closing guarantees that the transaction is completed and you receive your funds immediately.

In the case of a dry close, you may sign everything only to find out later that the funder—the person who reviews the funding package once it's signed—has added a new funding condition that the buyer is unable to meet. Even though you thought you'd already completed the transaction, there are no guarantees until the loan is actually funded.

Wet Closing vs. Dry Closing

Documentation reviewed and signed by loan funder		
Legal in every state	Yes	No; only legal in nine states

The names for each of these types of closing come from the idea of ink on paper. In a wet closing, the entire transaction is completed all at once, or while the ink is still “wet.”

A dry closing, meanwhile, may mean that all the documentation has been signed but needs to be reviewed. Since it can take up to four days for this to occur and for funds to be disbursed, this gives the ink time to “dry.”

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